



Business Plan Europe

2014 - 2017

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1. Executive Summary

Since its creation, Bitcoin has evolved from a mathematical proof of concept to a rapidly expanding economy worth more than USD 10 billion. Bitcoin is now being used in transactions between millions of people and thousands of businesses worldwide.

MtGox is the world's most established online Bitcoin exchange platform at www.mtgox.com, offering trading between Bitcoin and local currencies since 2010.

MtGox main products and services consist of:

- www.mtgox.com: an online cryptocurrency exchange platform.
- **MtGox merchant solutions:** Plug-ins and API to enable e-commerce sites to integrate Bitcoin (and other cryptocurrencies) as a method of payment.
- **MtGox Security Solutions:** customized two factor authentication devices including a MtGox Yubikey and OTP (One-time password) card.

MtGox is based in Tokyo, Japan and serves customers located around the world. In December 2013, MtGox reached a milestone of over 1 million customers, 30% of which are European.

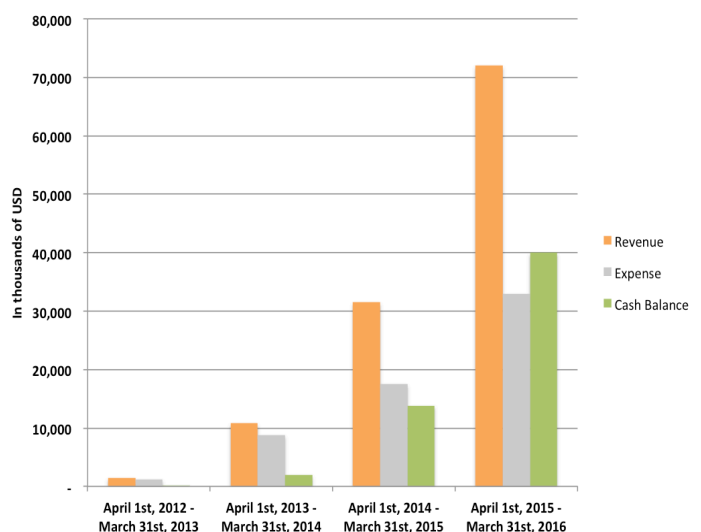
The purpose of MtGox is to facilitate the greater usage and acceptance of cryptocurrencies as an alternative form of payment by providing an online cryptocurrency exchange platform and merchant solutions.

Our target customers are adult individuals with disposable income, merchants and day-traders. Our current customer base consists mainly of Males, aged 20-40 with enthusiasm and interest in cryptocurrency and alternative finance. For now the majority of our customers are located in Europe, followed by the United States, China, Australia, Canada and Japan.

The MtGox exchange platform offers incredible security, and impressive trading speeds. We are also the cryptocurrency exchange with the most liquidity and most able to invest in the development of new and improved products and services.

We are currently in the midst of establishing regulated wholly owned affiliated or partnership operations in the United States, Australia, Hong Kong, and Europe. This is to enable us to create an ecosystem of Bitcoin related products and services that will be available to customers in most territories worldwide.

We hope that such activities will enable us to become the world's best and largest cryptocurrency solutions provider and the company of choice for individuals and merchants.



2. MtGox (The Company)

MtGox is the world's most established online cryptocurrency exchange platform based at www.mtgox.com, where customers can trade cryptocurrency such as Bitcoin for their local currencies.

2.1. Cryptocurrency

Cryptocurrencies are a medium of digital exchange that use cryptography to ensure absolute security of transactions; preventing counterfeit and fraud. The first major cryptocurrency; Bitcoin, created in 2009 and trading since then, is now gaining increasing popularity in terms of usage, speculation and public attention. Aside from Bitcoin, numerous other cryptocurrencies have become available such as Litecoin, NameCoin etc.

In person, and online exchanges are so far the main method of acquiring and trading cryptocurrencies. The cryptocurrency market capitalization is now worth more than USD 10 Billion (<https://blockchain.info/charts/market-cap>) due to the increasing value and price speculation of popular cryptocurrencies such as Bitcoin. Cryptocurrencies are also gaining acceptance as a method of payment among both online and offline merchants.

2.2. Company Details

MtGox is owned and operated by MtGox Co.,Ltd. ("MtGox") which is a subsidiary of a Japanese corporation, Tibanne Co.,Ltd, ("Tibanne") founded and based in Tokyo, Japan.

Tibanne Co.,Ltd is registered with the Tokyo Chamber of Commerce and Industry (<http://www.tokyo-cci.or.jp/english/ibo/2353440.htm>)

Registration number Tokyo Chamber of Commerce and Industry: 0110-01-069784.

Capital: 5,000,000 JPY

MtGox is physically located and operated from:

Cross Office Shibuya Medio 2B, 2-11-5 Shibuya-ku, Tokyo 150-0002, Japan.

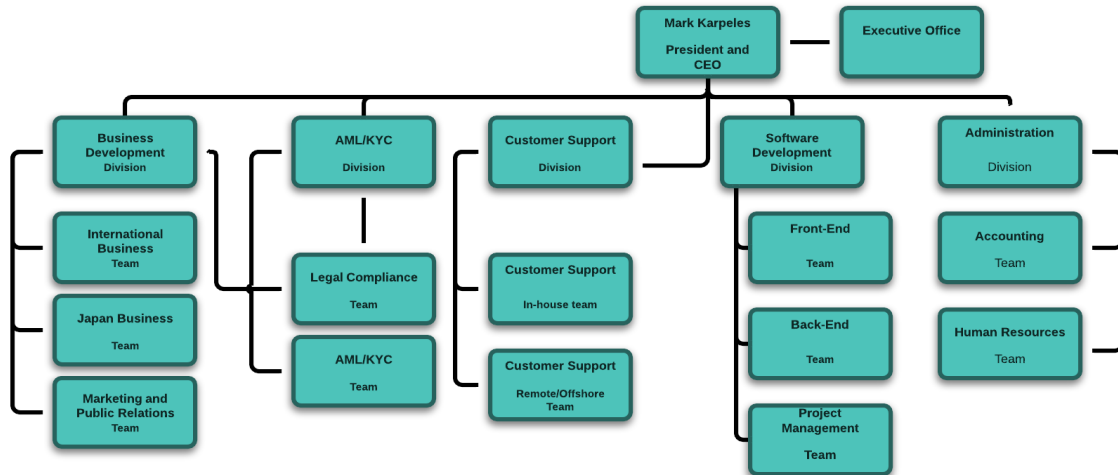
2.3. Ownership

Tibanne has one sole shareholder; Mark Karpeles: CEO for Tibanne and MtGox.

MtGox (Japan) has two principles: Tibanne, owned by Mark Karpeles (88%) and Jed McCaleb; the initial founder and creator of the MtGox exchange platform (12%).

2.4. Company Structure

There are over 40 employees employed by Tibanne who are directly responsible for the operation, maintenance and expansion of MtGox. Most of these employees are based in Tokyo, Japan with a customer support team working remotely.



2.5. Key Milestones

- March 2011: MtGox acquired by Tibanne
- April 2013: Price of 1 Bitcoin exceeds USD 100 on MtGox
- June 2013: MtGox Registered as a Money Service Business with FINCEN.
- October 2013: MtGox acquires Money Service Operator License in Hong Kong
- November 2013: Bitcoin price exceeds USD 1000 on MtGox
- December 2013: Total number of verified customers on MtGox exceeds 1 Million

2.6. Key to Success

- **Security:** MtGox has a solid IT infrastructure, protected from DDOS attacks and hackers by a number of security providers and we continue to develop several customized security features for customers in order to protect their account.
- **Speed:** MtGox runs an highly efficient trading engine that will compete enormously against the capabilities of our competitors. We will also develop more efficient fund transfer infrastructures to ensure that customers can send or receive money to/from their MtGox accounts within 3 business days.
- **Worldwide Presence:** As the exchange with the highest liquidity we have had the funds to invest in establishing a global presence and bearing the associated cost of licensing and operational costs. This will enable locally based solutions and improved convenience for customers living in regions where we have an wholly owned affiliate or partner entity.
- **Outreach:** We will continue to produce stimulating content and campaigns to spread awareness of Bitcoin (and other cryptocurrencies), which can improve our public relations and ensure that we are associated as the dominant voice and authority on Bitcoin and cryptocurrencies. At present www.bitcoins.com is an example of our first major project in this area.

- **Technology ecosystem:** Aside from our main operations as a cryptocurrency exchange, we have developed solutions for merchants seeking to integrate Bitcoin as an online and offline method of payment. We are also in the process of developing a prepaid card system and other products and services, which are all, interconnected to our cryptocurrency ecosystem. Through this structure we can enable people to acquire, use, accept and then sell their Bitcoin (or other cryptocurrency).

3. Bitcoin Overview

Bitcoin can be use for personal transactions or business at high speed and low cost. Bitcoin has the same value anywhere in the world where Bitcoins are authorized, thus becoming the first truly global payment system. Most currencies are created and controlled by a central authority that ultimately has power over prices. Bitcoin is decentralized and generated through open-source software, so the system is transparent, priced on the free market, and belongs to no one person or organization.

3.1. Bitcoin History

On October 21, 2008 a developer named Satoshi Nakamoto published the Bitcoin Protocol which outlined the theory of a decentralized currency. This was followed in January 2009 by the release of the open-source Bitcoin software, and the mining of the first Bitcoins.

3.2. Bitcoin Network

With Bitcoin, individuals and groups willing to dedicate computer-processing power to support the network are rewarded with Bitcoins. This process is known as mining, and it is how every Bitcoin comes into existence. All newly mined Bitcoins, along with every transaction, are publicly recorded and verified through the network. This record is known as the Blockchain and is one of the features that help keep the system secure from fraud and abuse. Bitcoins cannot be duplicated or forged.

3.3. Vision and role of MtGox

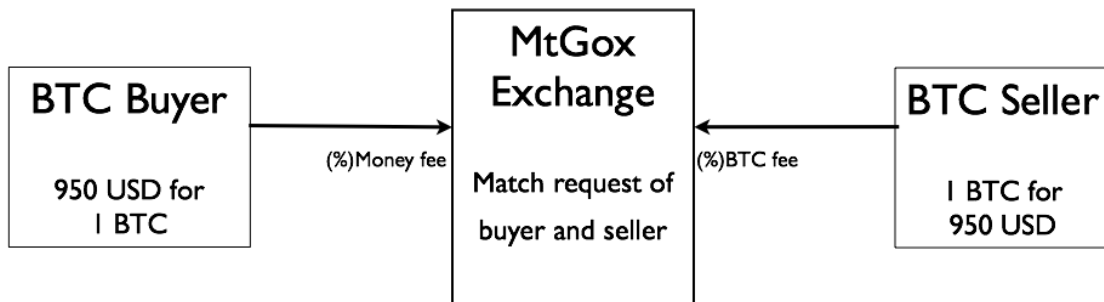
MtGox's vision is to be one of the world's largest cryptocurrency solution providers and to become the exchange and merchant solution of choice. We will enable our customers to acquire, trade, and accept cryptocurrency as a means of payment for online and offline transactions. As a global leader in cryptocurrency we also see it as our obligation to educate and spread awareness about this space by producing engaging and understandable content for everyone.

4. Products and Services

4.1. Bitcoin Trading Platform

MtGox generates revenue from charging customers fees on each trade (buying and selling Bitcoin), and each payment (accepting Bitcoin) as a fixed percentage depending on the volume of Bitcoin traded - Fees range from 0.6% to 0.25%. (<https://www.mtgox.com/fee-schedule>)

Example of a trade



Trading revenue:

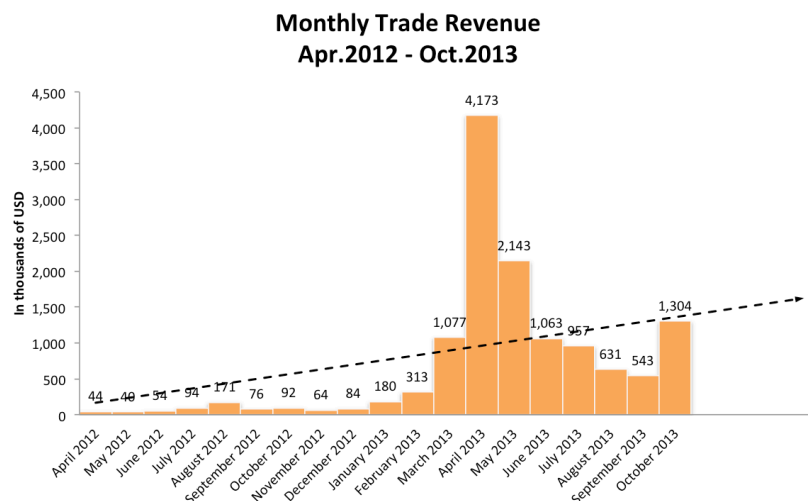
BTC sellers

BTC fees = Volume BTC traded x market price (Fiat) x Transaction fees (%)

BTC buyers

Money fees = Fiat money traded x market price (BTC) x Transaction fees (%)

Total Sales estimation 2013: 12,500,000 USD



MtGox revenue depends on 3 main leverages: the BTC market price, the volume of trades and the fee structure.

4.2. Security Solutions

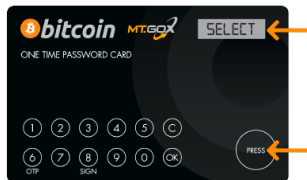
MtGox Yubikey: A security device programmed to match the customers' MtGox account details. Customers can order this through mtgox.com and will be charged for the device and delivery.

29.99 USD/Unit



MtGox OTP Card: A security device that can be used to generate a unique one-time password. Sold to customers at a high fee due to the innovative nature of the device.

49.99 USD/Unit



4.3. Merchant Solutions

4.3.1. Software solutions

We currently offer three software solutions for merchants that want to accept Bitcoin as a means of payment:

- MtGox "Pay Now" Button: a simple add on feature for any ecommerce website.
- Magento Connect: providing Bitcoin merchant solutions integrated with MtGox.
- MtGox instant Merchant API: easy to integrate for developers of e-commerce platforms.

Merchants will be charged a fixed low fee on each purchase accepted in Bitcoin using our merchant solutions system based on the volume of their trading.

4.3.2. POS System

Customers of the POS system will be charged for the initial purchase of the technology then for ongoing licensing and maintenance fees.

5. Market Analysis

5.1. Industry Evolution and Trends

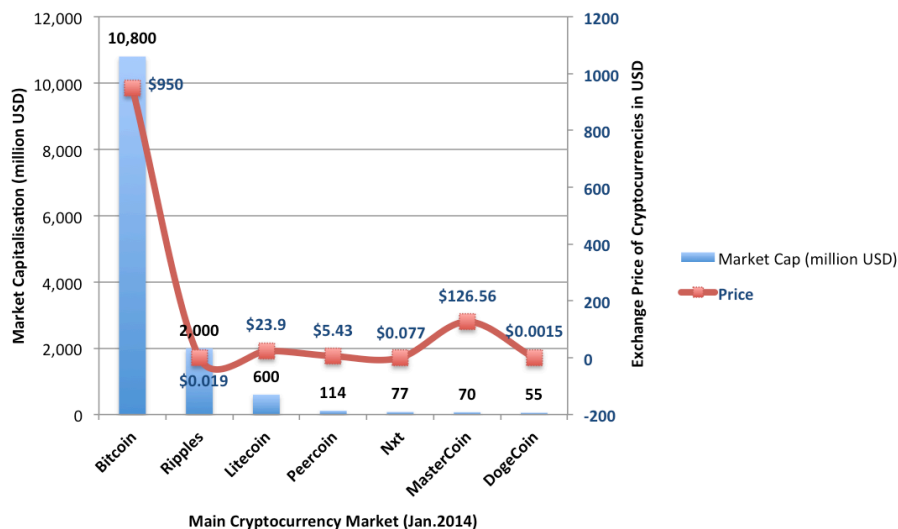
Worldwide, cryptocurrency and in particular Bitcoin, is gaining ground as an increasingly popular alternative to traditional finance and payments. Aside from just trading, exchanging and investing in Bitcoin, a large variety of services have emerged which provide solutions for using, accepting and innovating Bitcoin as a payment system. As the value of Bitcoin has risen so has the awareness and understanding of its potential.

As a medium of exchanging value and its mass media coverage, since 2013 Bitcoin has witnessed an important progression in terms of communication (public awareness, blogs, SNS), business opportunities (mining, security, e-commerce, payment services), government recognition (tax and regulations) and the market price that has skyrocketed - Jan 2013 1BTC = 20 USD - Jan 2014 1BTC = 950 USD YoY +4400%.

This ecosystem is still young but quickly structuring, from Bitcoin mining, trading, investing, to a final payment solution system, the value chain is still an open field where many new players are trying to establish their role and identity.

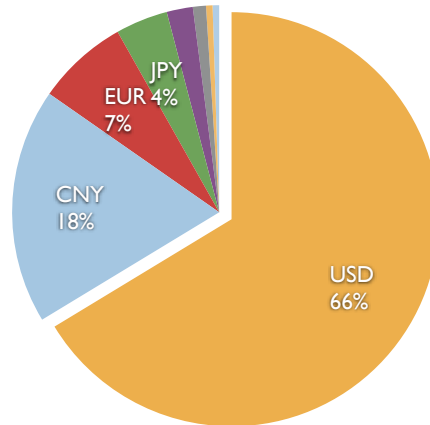
5.2. Global Market Size

In 2014, the global market of cryptocurrency is growing, and now represents more than USD 10 Billion. After 5 years of existence, Bitcoin remains a leader with a market capitalization in 2014 of USD 11Bn - 78% of the global market - for a total volume supply of 12, 289,200 BTC (1 BTC = 950 USD).



According to BOA Merrill Lynch's Bitcoin evaluation form December 5th 2013, (Source: <http://cryptome.org/2013/12/boa-bitcoin.pdf>), the Bitcoin market capitalisation will reach USD 15Bn (1 BTC = 1300 USD).

Trade of BTC by Currency (Jan.2014)



In 2013, MtGox exchange platform has traded 16,938,917 Bitcoin in USD for a total amount of 3,009,167,435 USD

(Data: http://bitcoincharts.com/markets/mtgoxUSD_trades.html)

-Main currencies traded on the MtGox Exchange: USD, EUR, GBP, AUD, CAD, PLN,

-Bitcoin price: <https://blockchain.info/charts/market-price>

5.3. Demand Analysis

Bitcoin is no longer limited to the domain of the early adopters and technology enthusiasts and has evolved to capture the interest of financial professionals, hedge fund managers, venture capitalists, start up entrepreneurs, government officials, ecommerce giants and the mass market.

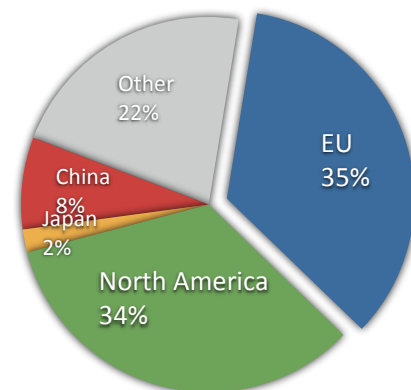
Europe, recovering from economic crises is a key market for us, as demand for alternatives solutions emerge and we expect that our customer base will grow exponentially. Most of our major competitors are based directly in or in proximity to the European Union.

From our 1 million customers base more than 300,000 are located in Europe. Thanks to the rise of mobile, people from all around the world are able to exchange Bitcoin anytime and anywhere. Emerging economies, the BRICS and unbanked nations are potential markets to grow and to segment.

Repartition of MtGox customers

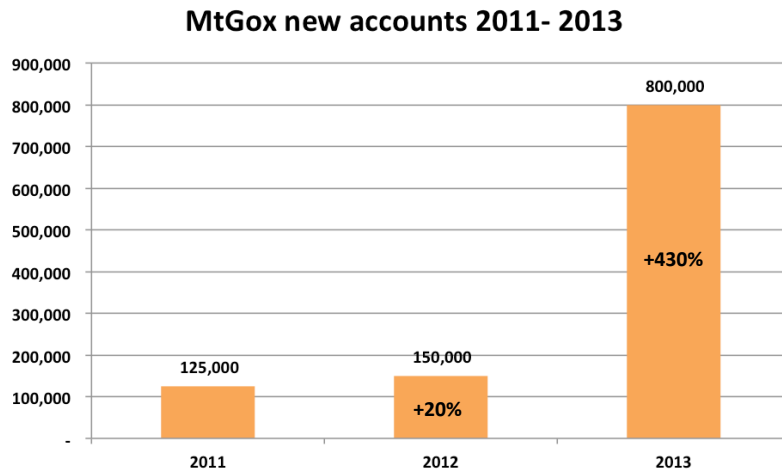
Bitcoin user profile:

They are mostly male, in their 20-40s, students/IT/finance/tech professionals/marketing enthusiasts. They have a deep distrust for the established financial system following the GFC and EUC and are looking for alternative ways to make payments and store their money in an alternative solution item of value.



Mtgox.com

Targets individuals and merchants who wish to buy, sell and trade Bitcoin with other customers located around the world.



The target customers are:

- Adults interested in cryptocurrencies and use as a micro payment.
- Adults who possess comfortable levels of disposable income.
- Merchants who wish to accept Bitcoin as a means of payment and sell their accumulated Bitcoin for local currency funds.
- Finance professionals and day-traders wishing to take advantage of sophisticated trading features to earn money by trading Bitcoin.

MtGox Merchant Solutions (BtoB)

- Ecommerce merchants wishing to accept Bitcoin as a method of payment.

MtGox POS System

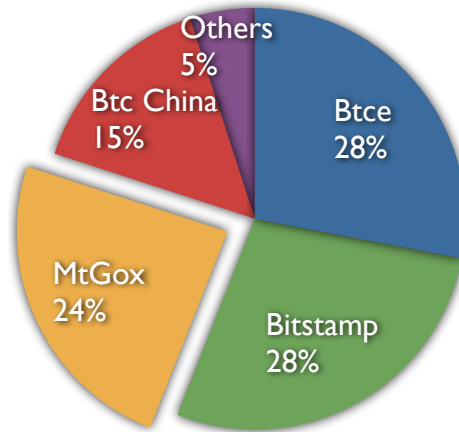
- Offline merchants and retailers.
- SMB and independent businesses and larger chain stores.

5.4. Competition Analysis

Our largest competitors worldwide in the cryptocurrency exchange space are: BTC China (China), BitStamp (Slovenia), btc-e (Bulgaria), Bitcoin.de (Germany), CampBX (USA), and BitCurex (Poland).

At the beginning of 2013, MtGox dominated the Bitcoin exchange market with an overall share of more than 80%. However following the price surge in April 2013 and the banking challenges that MtGox began to experience in May 2013, our competitors quickly rose to assume ever greater market shares.

Global Exchange Market share in Volume (Jan. 2014)



- At present, these competitors have very limited advertising exposure and rely on word of mouth, and press coverage to attract further customers.
- BitStamp in particular has a much simpler and cleaner user interface.
- All competitors with the exception of btc-e and CampBx offer essentially the same trading services.
- Btc-e offers the greatest variety of cryptocurrencies on their platform.
- CampBx offers the most advanced trading options.
- Trading fees on all of these competitor exchanges vary and MtGox is one of the more expensive for now, justified originally by its advanced security and reliability features.

5.5. Regulation About Bitcoin

As Bitcoin has entered the mainstream public domain, governments and regulators around the world are beginning to recognize the need to form a position on cryptocurrency. Regulatory stances differ depending on the country and jurisdiction with some states choosing to regulate, tax, and form a legal definition of cryptocurrency either as a means of payment or a digital commodity.

For example, the German Finance Ministry has defined Bitcoin as a "unit of account", meaning that it can be used for tax and trading purposes. Therefore Bitcoin is regarded as a financial instrument under German banking rules. According to a Ministry statement Bitcoin is regarded as "private money" that can be used in "multilateral clearing circles."

On the other hand some states have chosen to take a more aggressive chance against cryptocurrencies, for example the Chinese government has announced rules to prevent banks and third party payment systems to do business with Bitcoin affiliated companies and in particular exchanges. MtGox is committed to complying with all regulations as they are formed and changed in each and every state in which it currently and seeks to establish local operations.

6. Strategy and Implementation

6.1. Objectives from 3 to 5 years

For the next 3 to 5 years, the objectives of MtGox are to establish and promote cryptocurrencies as a trusted payment ecosystem, to acquire and connect 2 million customers by 2015 and to provide the best Bitcoin POS systems in the world. At the same time we will strive to promote Bitcoin as a trusted currency for everyone in order to increase the usage and to innovate the payment ecosystem.

To achieve those objectives we will implement the following improvements and new features to our trading platform.

6.1.1. To establish and promote cryptocurrencies as a trusted payment ecosystem:

- Investing in R&D, IT and security: The future trading engine codenamed: Midas will bring more advanced trading features and open the opportunity to deal with other cryptocurrencies than Bitcoin.
- Improving the efficiency of fund transfers (sending money to and from customer bank accounts to MtGox) by establishing new banking partnerships and integration with a range of payment service providers.
- Offering more cryptocurrencies other than Bitcoin for which customers can trade, such as Litecoin.
- Developing the CRM to offer an even better service to satisfy and engage our 1 million customers.
- Implementing a new user interface with a “MtGox” brand conscious design.
- Establishing licensed and regulated affiliated companies and partnerships by 2015 in Hong Kong, Australia, Europe, USA and Canada.
- Acquiring new talent: developers, marketers, customer support, anti money laundering, legal and compliance experts.

6.1.2. To reach a landmark of 2 million active customers by 2015 and regain our market shares

- Localizing and adapting our marketing strategy to many rising key markets.
- Implementing strong public relations and advertising campaigns online and offline to highlight MtGox products.
- Creating new services and products, which encourage frequent usage of the MtGox platform for the mass market.

- Consulting and encouraging merchants on the benefits of using our BtoB solution.

6.1.3. To provide the best Bitcoin POS and E-commerce systems in the world

- Making the MtGox POS system the pioneer for the industry, and setting the global standard with test launches in Japan and Hong-Kong.
- Selling actively to merchants with the aim of releasing at least 5000 units by 2016.
- Developing strong partnerships with the mains e-commerce players in the targeted countries.

6.1.4. To promote Bitcoin for everyone in order to increase the usage and to innovate the payment ecosystem

- Making the educational portal www.bitcoins.com the world's most reliable and visited source on Bitcoin information and news.
- Building a Bitcoin Cafe in center of Tokyo to encourage Japanese customers acquire and make transactions, such as purchasing coffee directly in Bitcoin.
- Actively engaging with opinion leaders, public and private institutions and influential organizations.
- Spreading positive awareness of Bitcoin through word of mouth.

6.2. Strengths, Weaknesses, Opportunities and Threats (SWOT)

Strengths

Technical expertise of Mark Karpeles, CEO of MtGox as a leader in network security, systems development, and cryptocurrency.

Established position as one of the world's largest cryptocurrency exchanges.

High liquidity for investment in future expansion.

Offering exchange from cryptocurrency to more than 13 local currencies.

1 Million government identification issued of verified identified customers.

Global brand recognition and worldwide customer base. In the process of establishing licensed affiliates in several key regions, worldwide.

Weaknesses

- Current slide in reputation and reliability of MtGox due to the funding issues experienced as a result of banking challenges in Japan.
- In need of experienced, influential lobbyists that are well connected to global financial and regulatory institutions.
- Our headquarters and main operations are physically distant from our main markets.
- Difficulties to communicate with our customers because of the important volume of new customers. The demand is growing faster than the company's structure.
-

Opportunities

- Cryptocurrencies are more popular as a means of payment and digital asset commodity by both individuals and merchants around the world.
- Cryptocurrency offers new possibilities for innovation in digital products and services and expanding the potential of cryptocurrency into diversified markets: tourism, mobile-payments, unbaked markets.
- Taxation: potential revenue stream for governments and local authorities.
- There are a limited number of websites which have similar content.
- Using this new open ecosystem to create innovative kind of services.
-

Threats

- Current slide in reputation and reliability of MtGox due to the funding issues experienced as a result of banking challenges in Japan.
- In need of experienced, influential lobbyists that are well connected to global financial and regulatory institutions.
- Our headquarters and main operations are physically distant from our main markets.
- Difficulties to communicate with our customers because of the important volume of new customers. The demand is growing faster than the company's structure.
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6.3. Key Success Factors

- Developing a favorable ecosystem and creating services around Bitcoin
- Creating a network of strong partners around the world: government authorities, banks, payment service providers, online and offline merchants, IT security firms.
- Proposing new services and innovation schemes.
- Retaining customers and convert them to become active traders and users of Bitcoin.
- Creating a top-level customer support and a good channels to communicate with customers.
- Relationship with mass media agencies, journalists and alpha-bloggers.
- Working with knowledgeable and dedicated teams like at MtGox.
- Becoming the market leader.

7. Marketing and Sales Strategy

To achieve our objectives, the marketing strategy will operate on two important directions.

To implement an operational effectiveness strategy in order to reconnect with our customers by providing a better experience on our platform, improving the quality of our communication towards them, to optimise our actual competitive advantage and strengthen our assets. And because the Bitcoin market is a fast growing environment, the second orientation is to differentiate our offers by providing new services linked to Bitcoin, segmenting the pricing structure and finally diversifying our channels of distribution.

7.1. Product Strategy

Mtgox.com

The majority of new customers will be generated through web searches, viral marketing campaigns, press coverage and word of mouth through SNS. However, it will also include targeted advertising on websites with content related to Bitcoin, payments and finance.

MtGox Merchant Solutions

Web searches and visits to mtgox.com will draw potential merchants to our solutions page. However, it will also include targeted advertising on websites with content related to Bitcoin, payments and finance. In the future a dedicated sales team will be responsible for acquiring larger ecommerce merchants through a specific sales strategy.

MtGox App

Developing an application to facilitate transactions and exchanges on mobile (iOS, Android).

7.2. New Products and digital channel diversification

MtGox POS System

Customers will be generated through local campaigns showcasing the POS technology and by featuring dedicated POS merchant showrooms. Our dedicated sales team will target chain store businesses.

Merchants will be charged for the initial purchase of the POS System and then charged for ongoing maintenance and licensing costs. This system will enable any offline business to accept cryptocurrency payments.

Bitcoin Prepaid Debit Card

This will enable MtGox customers to use their Bitcoin to purchase goods and services for the converted value in local currency according to the price on mtgox.com anywhere in the world where MasterCard/Visa Cards are accepted. Cards will be purchased for an initial up front fee. Annual and monthly fees will also be charged at fixed and usage based rates. This system is currently in development in Canada in partnership with MasterCard and once initial implementation has proved successful in Canada we will launch the card in other markets.

Market Specific Bitcoin Wallets

In order to facilitate the further acceptance and usage of Bitcoin (and other cryptocurrencies) as a method of payment we will develop simple Bitcoin wallet websites and mobile applications customized to specific local markets.

MtGox will launch this first localized service in Japan and then move on to other markets where detailed localization can contribute to greater local market penetration.

Bitcoin Auction Website

This will enable anyone in the world to buy and sell goods at auction for Bitcoin.

7.3. Pricing Strategy

Reaching diversified needs of our customers by applying a segmented fee structure:

Standard: For everyone interested in Bitcoin

Business: For merchants and corporate accounts

Exclusive: For High frequency trading and highly valued customers

7.4. Distribution Strategy

Bitcoin Shop Concepts

Initiate shop concepts to showcase Bitcoin transactions and POS systems in order to diffuse this new method of payment and make useful use case studies for the retail industry.

Partnership with offline and online commerce

Target Europe + Japan: Set up partnerships with brick and mortar shops to make and helping the prospect to open a MtGox account.

7.5. Communication Strategy

Advertising and Public Relations

Advertising will consist of SEO strategies, AdSense, affiliation, online magazine banners, and may evolve into Youtube and television commercials.

Public Relations will be a combination of social network communication, events, press outreach and education portals about Bitcoin.

Community Management

Engaging the Bitcoin Community into new MtGox product development (Beta Testing, feedbacks on new marketing activities...)

Creating a sustainable management of the SNS (Facebook, Twitter, Weibo etc...)

CRM and analytics

Using CRM to better target and segment our future offers and features.

7.6. Future Growth Opportunities

In order to contribute to the development of MtGox the following will be implemented:

- New trading engine: Midas.
- Launch second major cryptocurrency: Litecoin
- Develop new version of mtgox.com with improved design, user interface and added features.
- Introduce new advanced trading options for customers
- Continue to form relationships with new payments service providers and banking partners to improve the efficiency of customer fund transfers.
- Effectively market MtGox merchant solutions.
- Develop and install POS system in selected merchant locations in Japan and Hong-Kong.
- Establish licensed (and regulated) affiliated companies and banking relationships in Hong Kong, Australia, USA, European Union and Canada

8. Management

Mark Karpeles, CEO

Mark Karpeles is the President and CEO of both MtGox and Tibanne. Mark provides overall direction, responsible for supervising main operations and steering the company according to his vision.

Mark is a young technopreneur with more than 15 years experience in software development, network administration and entrepreneurship. Mark is well-versed in multiple programming languages, has a strong background in network security, and is well-known in the tech community.

Gonzague Gay-Bouchery, Manager: Business Development Division

Gonzague is in charge of growing the business for MtGox by initiating partnerships, developing expansion strategies, and directing marketing activities internationally with the according to Mark's executive oversight.

Before joining Tibanne, Gonzague was a successful tech entrepreneur and influential commentator on the industry having founded and managed Akihabara News (2002-2013) and GeekStuff4U (2004-2011). He was once selected as one of the top 50 most influential people in technology by T3 (<http://www.t3.com/feature/the-50-most-influential-people-in-technology>).

Prior to this experience Gonzague worked in Sales and Business Development for technology and construction services in France and Hong Kong.

9. Finances

This details the current finances of MtGox. Income, costs, financial sources and actual/ projected cash flows.

9.1. Sources of Finance

MtGox is fully self financed with no debt nor outside financing.

9.2. Income Statement

Income Statement	* April 1 st , 2012 - March 31 st , 2013	** April 1 st , 2013 - March 31 st , 2014	*** April 1 st , 2014 - March 31 st , 2015	**** April 1 st , 2015 - March 31 st , 2016
<i>(Amounts in thousands of USD)</i>				
Net Sales	1,351	10,750	31,500	71,950
Cost of Goods Sold	40	100	150	200
Gross Profit	1,311	10,650	31,350	71,750
Selling, General and Administrative Expenses 1)	1,099	7,635	11,350	15,900
Operating Income	212	3,015	20,000	55,850
Interest Income	6	7	14	40
Foreign Exchange Gains	76	-	-	-
Non Operating Result	82	7	14	40
Ordinary Income	294	3,022	20,014	55,890
Corporate Taxes	8	1,022	6,164	16,890
Net Income	286	2,000	13,850	39,000

1) Breakdown of Selling, General and Administrative Expenses	* April 1 st , 2012 - March 31 st , 2013	** April 1 st , 2013 - March 31 st , 2014	*** April 1 st , 2014 - March 31 st , 2015	**** April 1 st , 2015 - March 31 st , 2016
<i>(Amounts in thousands of USD)</i>				
Subcontracting Expenses 2)	814	3,650	6,200	10,000
Accountant, Consultant and Lawyer Fees	167	3,300	4,000	4,000
Commission Fees	51	340	415	1,000
Depreciation	0	125	360	400
Advertising Expenses	4	75	160	200
Salary	60	105	130	150
Other	3	40	85	150
	1,099	7,635	11,350	15,900

* Actual Data/ ** Actual Data April 2013 – November 2013 + Budget December 2013 – March/ *** Forecast

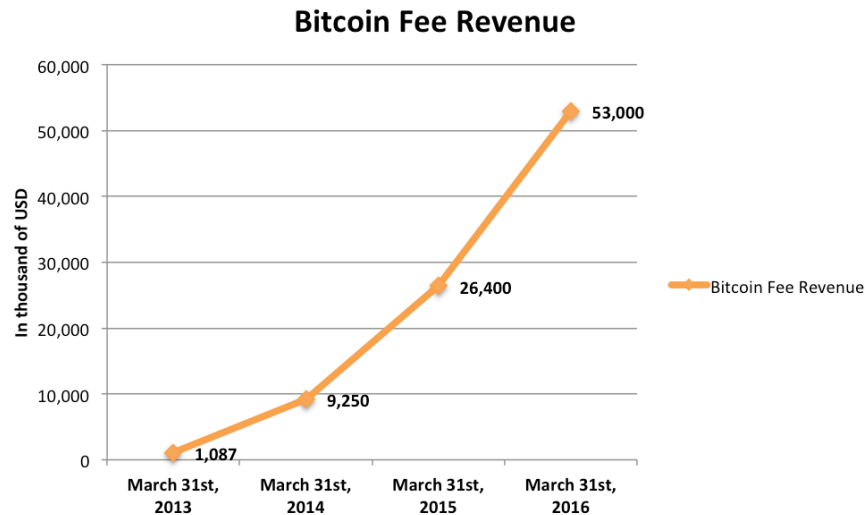
About the net sales:

As a trading platform MtGox charges, with each trade, a fee in fiat currency like USD, EUR, JPY called *Money Fee* to the seller and a fee in bitcoin *Bitcoin Fee* to the buyer.

Only the *Money Fee* is shown as net sales in MtGox's income statement, whereas the bitcoin fee is directly recorded to MtGox's balance sheet. After being sold, bitcoins are derecognized from the balance sheet and recorded as net sales.

So far MtGox has not been selling material number of its Bitcoins. Budget and forecast are also prepared under the assumption that no material number of Bitcoins received are sold.

Bitcoin fees:



For the year ending March 31st, 2013 are USD 1,087,000.

Budgeted for the year ending March 31st, 2014 at USD 9,250,000.

Forecasted for the year ending March 31st, 2015 at USD 26,400,000.

Forecasted for the ending March 31st, 2016 at USD 53,000,000.

The following should give an inside into subcontracting expenses:

2) Breakdown of Subcontracting Expenses	* April 1st, 2012 - March 31st, 2013	** April 1st, 2013 - March 31st, 2014	*** April 1st, 2014 - March 31st, 2015	*** April 1st, 2015 - March 31st, 2016
	<i>(Amounts in thousands of USD)</i>			
Tibanne Co. Ltd. 3)	720	2,680	4,625	6,200
Mt Gox Poland Sp. z. oo	36	250	625	1,700
Customer Support	55	450	550	1,250
Other	2	270	400	850
	814	3,650	6,200	10,000

Tibanne Co. Ltd., as holding company of MtGox, is providing various administration and management services to MtGox. The following is giving an overview of the cost charged by Tibanne Co. Ltd.:

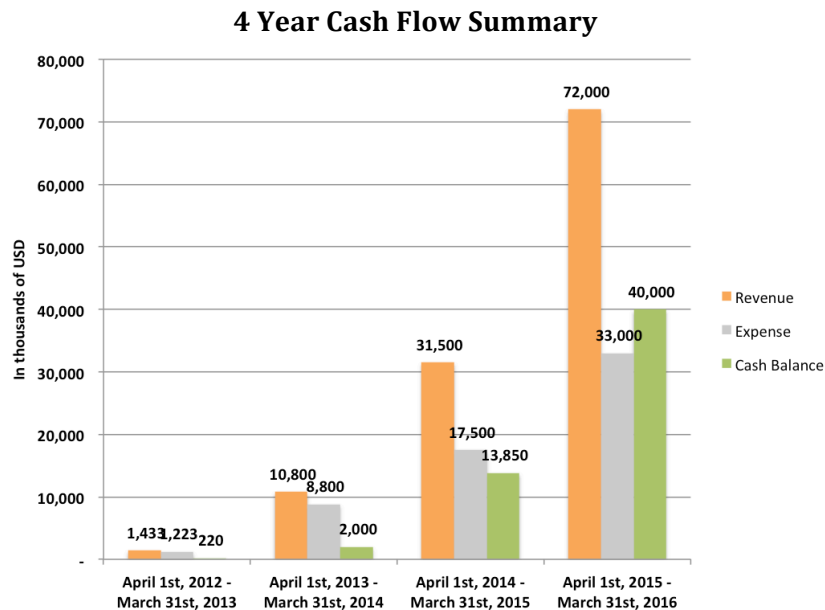
3) Breakdown of Subcontracting Expenses Tibanne	* April 1st, 2012 - March 31st, 2013	** April 1st, 2013 - March 31st, 2014	*** April 1st, 2014 - March 31st, 2015	**** April 1st, 2015 - March 31st, 2016
	<i>(Amounts in thousands of USD)</i>			
Salary	216	700	1,100	1,500
Communication Expenses	41	300	1,000	1,250
Office Rent	151	600	875	875
Data Center Rent	74	455	600	750
Depreciation	0	100	300	500
DDos Protection	71	100	250	300
Consulting	91	250	250	500
Virtual Server Hosting	40	125	150	200
Advertising Expenses	36	50	100	325
	720	2,680	4,625	6,200

9.3. Accounting and Inventory Control System

We are use the Yayoi Kaikei accounting system.

9.4. Cash Flow Projections and Sales Forecast

Cash flows presented here are based on the following:



The projection for 2015 and 2016 is an estimate that will depend greatly on the effectiveness of attracting more customers to trade on MtGox, the evolution of the trading market price and using our merchant solutions. Additional revenue can be generated in the future as we include sales of our POS system, security products and prepaid card.

- April 1st, 2012 – March 31st, 2013 actual data
- April 1st, 2013 – November 30th, 2013 actual data
- December 1st, 2013 – March 31st, 2014 budget
- April 1st, 2014 – March 31st, 2015 projection
- April 1st, 2015 – March 31st, 2016 projection

Appendix 1:

MtGox PR Bitcoin Campaign during 2013 G8 Summit



Appendix 2:

MtGox PR Campaign for Bitcoins.com during 2013 G20 Summit



Bitcoin accepted.

From Tokyo to Toronto, Bitcoin is gaining acceptance with a new generation of merchants. Online and offline, businesses big and small are enjoying the advantage of high speed and low cost transactions. Their customers are benefitting from the flexibility and simplicity offered by this digital payment solution. Visit Bitcoins.com/stories to find out how Bitcoin is impacting commerce across the planet.



Find out how Bitcoin is changing business across the planet.
Visit Bitcoins.com/stories

 **bitcoins.com**

Appendix 3:

Trading Interface on MtGox (Buy)

The screenshot shows the 'Buy & Sell' interface on MtGox. On the left is a sidebar with 'TRADE' highlighted in orange, and links for 'FUNDING OPTIONS', 'ACCOUNT HISTORY', and 'CHECKOUT BUTTON'. The main area has a 'Buy' button selected, a quantity input of '0', a currency dropdown set to 'BTC', and a price input of '948.055'. A dropdown menu for order type is open, showing 'Limit Order' (selected), 'Market Order', and 'Limit Order'. Below this is a section titled 'Your Open Orders' with a table header: DATE, TYPE, STATUS, AMOUNT, PRICE, TOTAL, CUR. The table is empty with the message 'No data available in table' and 'Showing 0 to 0 of 0 entries'.

Trading Interface on MtGox (Sell)

The screenshot shows the 'Buy & Sell' interface on MtGox for selling. The 'Sell' button is selected. The quantity input is '0', the currency dropdown is set to 'USD', and the price input is '948.05500'. The order type dropdown is set to 'Market Order'. The 'Your Open Orders' section is identical to the previous screenshot, showing an empty table with the message 'No data available in table' and 'Showing 0 to 0 of 0 entries'.

Appendix 4: Security Solutions

The screenshot shows the 'Security Center' interface. It has three main sections: 'Log In', 'Withdrawal', and 'Security Center'. Each section has a 'Gluxman / SIGN' button and a 'Select method to add...' dropdown. Below these is a 'Security Systems' section with two columns: 'YubiKeys' and 'Software Authenticators'. The 'YubiKeys' column shows 'No YubiKey has been linked.' and a 'GET A YUBIKEY' button. The 'Software Authenticators' column shows 'Gluxman / HOTP' and 'Gluxman / SIGN' buttons, and a 'GET AN OTP CARD' button. There are also images of a YubiKey and an OTP card.

Appendix 5:

Bitcoin Information Sources

- Original Bitcoin report: Satoshi Nakamoto: <http://bitcoin.org/bitcoin.pdf>
- Explanation about Bitcoin (Japanese/English): <http://www.bitcoins.com>
- Real Bitcoin entrepreneurs: <http://www.bitcoins.com/stories>
- Bitcoin network info: <http://blockchain.info>
- Bitcoin market data: <http://bitcoincharts.com>

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